

BEFORE THE  
PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA

DOCKET NO. 2020-264-E  
DOCKET NO. 2020-265-E

In the Matter of:

Duke Energy Carolinas, LLC's  
Establishment of Solar Choice Metering  
Tariffs Pursuant to S.C. Code Ann. Section  
58-40-20

Duke Energy Progress, LLC's  
Establishment of Solar Choice Metering  
Tariffs Pursuant to S.C. Code Ann. Section  
58-40-20

SUPPLEMENTAL DIRECT  
TESTIMONY OF  
LON HUBER FOR DUKE ENERGY  
CAROLINAS, LLC AND DUKE  
ENERGY PROGRESS, LLC

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**I. INTRODUCTION AND SUMMARY**

**Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

A. My name is Lon Huber, and my business address is 550 South Church Street, Charlotte, North Carolina.

**Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS PROCEEDING?**

A. Yes, on November 2, 2020, I caused to be pre-filed with the Public Service Commission of South Carolina (the "Commission") my direct testimony and one exhibit on behalf of both Duke Energy Carolinas, LLC ("DEC") and Duke Energy Progress, LLC ("DEP") (DEC and DEP are herein referred to collectively as the "Companies").

**Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL TESTIMONY?**

A. The purpose of my supplemental testimony is to support the Stipulation made by and among DEC, DEP, and Alder Energy Systems, LLC ("Alder Energy"), that was filed in these dockets on February 8, 2021 (the "Non-Residential Stipulation").

**Q. ARE YOU INCLUDING ANY EXHIBITS IN SUPPORT OF YOUR TESTIMONY?**

A. Yes. **Huber Supplemental Exhibit 1** contains the Non-Residential Stipulation.

**Q. WAS THE EXHIBIT PREPARED BY YOU OR UNDER YOUR SUPERVISION?**

A. Yes, it was.

**Q. WHO WAS RESPONSIBLE FOR NEGOTIATING THE TERMS OF THE NON-RESIDENTIAL STIPULATION?**

A. I was the primary point of contact for the Companies when negotiating the terms of the Non-Residential Stipulation.

1 **Q. PLEASE SUMMARIZE YOUR SUPPLEMENTAL TESTIMONY.**

2 A. The Non-Residential Stipulation establishes the next generation of net energy metering  
3 (“NEM”) for non-residential customers under S.C. Act No. 62 of 2019 (“Act 62”), and a  
4 resolution recently achieved on the specific terms of the Non-Residential Riders that the  
5 Companies first agreed to offer via the Stipulation filed in these dockets on November 2,  
6 2020 (the “Residential Stipulation”).<sup>1</sup> The Non-Residential Stipulation closely adheres to  
7 the tenets of Act 62 by more accurately aligning export rates with the benefit provided by  
8 customer-generator power to the grid, providing the Companies with an option to employ  
9 time-variant rates, and providing access to NEM programs for non-residential customers.  
10 The Companies are proud to present this Non-Residential Stipulation for Commission  
11 approval.

12 **Q. IS THE NON-RESIDENTIAL STIPULATION CONSISTENT WITH THE**  
13 **RESIDENTIAL STIPULATION PREVIOUSLY FILED IN THESE DOCKETS?**

14 A. Yes, it is. The Residential Stipulation laid the general foundation for the Non-Residential  
15 Riders, and the Non-Residential Stipulation simply provides the detailed framework within  
16 which non-residential customers may participate in NEM under Act 62.

17 **Q. PLEASE EXPLAIN ALDER ENERGY’S INTEREST IN THIS PROCEEDING.**

18 A. Alder Energy is headquartered in South Carolina and specializes in designing and installing  
19 rooftop solar installations for non-residential customers. Alder Energy expressed interest  
20 in the NEM options for commercial and industrial customers and desired to engage in the  
21 Companies’ development of the Non-Residential Riders. The Companies listened and

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<sup>1</sup> The Residential Stipulation was entered into by and among the Companies; the North Carolina Sustainable Energy Association; Southern Environmental Law Center on behalf of South Carolina Coastal Conservation League, Southern Alliance for Clean Energy, and Upstate Forever; and Vote Solar.

1 continued discussions with Alder Energy in the spirit of the stakeholder engagement that  
2 has been the hallmark of these dockets and other NEM-related dockets.

3 **Q. IS IT YOUR UNDERSTANDING THAT ALDER ENERGY WILL ALSO FILE**  
4 **TESTIMONY SUPPORTING THE NON-RESIDENTIAL STIPULATION?**

5 A. Yes. It is my understanding that Mr. Don Zimmerman will soon file testimony supporting  
6 the Non-Residential Stipulation on behalf of Alder Energy.

7 **Q. WILL YOU ENGAGE ANY OTHER PARTIES IN THESE DOCKETS**  
8 **REGARDING THE NON-RESIDENTIAL STIPULATION?**

9 A. Yes. The timing of completion of the Non-Residential Stipulation did not allow for as much  
10 discussion as we would like, but our plans are to engage interested parties to ensure the  
11 terms are understood by those interested.

12 **Q. IS THE NON-RESIDENTIAL STIPULATION ALSO AVAILABLE TO BE**  
13 **REVIEWED BY MEMBERS OF THE PUBLIC THAT ARE NOT PARTIES TO**  
14 **THESE DOCKETS?**

15 A. Yes. The Non-Residential Stipulation was filed in these dockets on February 8, 2021. Just  
16 as with the Residential Stipulation, the Non-Residential Stipulation was filed with no  
17 redactions and all of its terms are publicly available via the Commission's Document  
18 Management System. The Companies believe that this transparency is a key part of this  
19 process and the Companies endeavor to make these terms and conditions publicly available  
20 whenever possible.

21 **II. NON-RESIDENTIAL RIDERS**

22 **Q. DO THE COMPANIES BELIEVE THAT THE NON-RESIDENTIAL**  
23 **STIPULATION COMPLIES WITH ACT 62?**

1 A. Yes. As described in greater detail below, the Non-Residential Stipulation was drafted with  
2 the overarching goal of creating a non-residential NEM program reflecting the guiding  
3 principles of Act 62.

4 **Q. WHEN WILL THE NON-RESIDENTIAL RIDERS BE AVAILABLE?**

5 A. Upon approval of the Commission, the Companies will offer Non-Residential Riders to  
6 non-residential customers applying for interconnection after June 1, 2021. This availability  
7 aligns with the timeframes in Act 62, which requires the Commission to establish Solar  
8 Choice tariffs for customer-generators that will be effective after May 31, 2021. Customers  
9 enrolling in a Non-Residential Rider may take service under the rider for up to 10 years  
10 from their interconnection approval date. Although the value of the rates in the Non-  
11 Residential Riders may change during that time, the Companies will not propose a change  
12 a customer's actual rate structure (monthly netting, etc.) during that 10-year period.

13 **Q. IS THERE A CAP ON ENROLLMENT FOR THE NON-RESIDENTIAL RIDERS?**

14 A. The Non-Residential Stipulation contains an enrollment cap for customers in the Small  
15 General Service Customer class. Currently, this customer class takes service under a rate  
16 schedule that does not contain a demand charge for customers with demands less than 30  
17 kW, which increases the risk that a cross-subsidization may arise under an NEM program.  
18 As such, this customer class encompasses the vast majority of any potential cross-  
19 subsidization risk (as measured by annual subsidy for every kW of installed capacity) for  
20 non-residential customers under the NEM program. Moreover, current NEM adoption rates  
21 in this class are relatively minimal. Therefore, at this juncture, the use of enrollment caps  
22 rather than designing an entirely new rate design is appropriate. These caps were  
23 determined by analyzing previous adoption rates in each territory and adding a margin for

1 the growth rate to accelerate while maintaining the cumulative capacity at a low enough  
2 level to have a minimal effect on non-participants. These customers have an open  
3 enrollment period of five years from the date the Commission approves the Non-  
4 Residential Riders or the date upon which certain aggregate capacity caps are met (5 MW-  
5 AC in DEC and 1 MW-AC in DEP), whichever occurs first.

6 **Q. PLEASE EXPLAIN THE NETTING MECHANISM WITHIN THE NON-**  
7 **RESIDENTIAL RIDERS.**

8 A. In accordance with Act 62, these customers will be able to consume customer-generated  
9 energy behind the meter “without penalty” to offset their electric bill on a 1:1 basis. Any  
10 excess energy not consumed on-site will be exported to the Companies and treated  
11 identically to the proposal for the Companies’ residential NEM customers. That is, monthly  
12 net exports will be applied as a bill credit for these customers, which will be valued at the  
13 avoided cost rates approved by the Commission in the Companies’ avoided cost dockets.  
14 By valuing exports at avoided cost, the Companies more closely align the rates paid for  
15 exports to the “benefits provided by [the customer’s] generation to the power system” in  
16 accordance with Act 62, rather than continuing to pay a retail rate in excess of the  
17 Companies’ avoided cost. S.C. Code Ann. § 58-40-20(F)(3). In this way, the Non-  
18 Residential Riders eliminate cost-shift “to the greatest extent practicable”—fulfilling  
19 another key tenet of Act 62. S.C. Code Ann. § 58-40-20(G)(1).

20 **Q. DOES THE NON-RESIDENTIAL STIPULATION CONTAIN ANY OTHER**  
21 **RATE-MAKING TOOLS CONTEMPLATED BY ACT 62?**

22 A. Yes, it does. The Companies recognize the benefits that the “time-variant rates” cited by  
23 Act 62 can have for both the utilities and the customers. For example, these rates not only

1 send accurate pricing signals to customers such that they can decrease electricity usage  
2 during peak times, thereby lowering their bill, but they also align the Companies' rates  
3 with the cost to serve these customers. As such, the parties have agreed that non-residential  
4 customers with systems less than 30 kW—which are not subject to demand charges—may  
5 be transitioned to a mandatory time of use (“TOU”) tariff in the future. Additionally, the  
6 Companies have committed to engage with stakeholders to develop a transition plan for  
7 these non-residential TOU rates prior to filing them for approval with the Commission.

8 **Q. PLEASE PROVIDE A HIGH-LEVEL OVERVIEW OF THE PROVISIONS**  
9 **RELATED TO RENEWABLE ENERGY CERTIFICATES IN THE NON-**  
10 **RESIDENTIAL STIPULATION.**

11 A. The Non-Residential Stipulation provides an avenue by which customer-generators shall  
12 earn a renewable energy certificate (“REC”) for each megawatt hour produced from their  
13 on-site generation. The Companies understand that these REC provisions may help these  
14 non-residential customers achieve goals unique to this class of customers—such as  
15 corporate sustainability initiatives. By providing an avenue by which interested customer-  
16 generators can achieve these class-specific goals, the Companies believe that the Non-  
17 Residential Stipulation incentivizes “market-driven, private investment in distributed  
18 energy resources” in accordance with Act 62.

19 **III. CONCLUSION**

20 **Q. IF THE COMMISSION WERE TO APPROVE THE NON-RESIDENTIAL**  
21 **STIPULATION, WOULD IT BE COMPLYING WITH THE PRINCIPLES SET**  
22 **FORTH BY THE GENERAL ASSEMBLY WITHIN ACT 62?**

1 A. Yes, it would. The General Assembly plainly outlined several important components in  
2 Act 62 which the Commission is to consider when establishing Solar Choice tariffs. At the  
3 very beginning, the General Assembly notes the importance of customer generation and  
4 directs the Commission to recognize the “benefits of customer renewable energy” while  
5 ensuring just and reasonable “revenue recovery, cost allocation, and rate design.” S.C.  
6 Code Ann. § 58-41-05. As discussed above, S.C. Code Ann. § 58-40-20 evidences the  
7 General Assembly’s intent to “continue market-driven, private investment” in distributed  
8 energy resources while avoiding “disruption to the growing market” for these resources.  
9 As the product of negotiation with Alder Energy—a developer with an interest to grow the  
10 rooftop solar industry in South Carolina—the Non-Residential Stipulation not only  
11 contains terms and conditions providing customers a fair and economic opportunity to  
12 participate in NEM, but it accounts for goals specific to these customers, such as corporate  
13 sustainability efforts. However, the General Assembly made clear that this continued  
14 investment should not come at the expense of an NEM program that “fairly allocate[s]  
15 costs and benefits to eliminate any cost shift or subsidization . . . to the greatest extent  
16 practicable,” while providing access to an NEM program that permits customer-generators  
17 to consume behind the meter energy “without penalty.” The Non-Residential Stipulation  
18 ensures that the excess generation provided to the power grid by these customers is valued  
19 at avoided costs—properly aligning rates with the benefits provided—and that these  
20 customers can consume behind the meter energy without penalty through the ability offset  
21 their electric bill on a 1:1 basis. Taken together, the Commission should feel confident that  
22 by approving the Non-Residential Stipulation, it will fulfill the requirements placed upon  
23 it by the General Assembly in establishing the next generation of NEM in South Carolina.



- 1    **Q.     DOES THIS CONCLUDE YOUR PRE-FILED SUPPLEMENTAL TESTIMONY?**
- 2    A.     Yes, it does

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**

**DOCKET NO. 2020-264-E**  
**DOCKET NO. 2020-265-E**

**February 7, 2021**

IN RE:

Duke Energy Carolinas, LLC's  
Establishment of Solar Choice  
Metering Tariffs Pursuant to S.C. Code  
Ann. Section 58-40-20

Duke Energy Progress, LLC's  
Establishment of Solar Choice  
Metering Tariffs Pursuant to S.C. Code  
Ann. Section 58-40-20

**STIPULATION**

This Stipulation is made by and among Duke Energy Carolinas, LLC ("DEC"); Duke Energy Progress, LLC ("DEP" and together with DEC, the "Companies"); and Alder Energy Systems, LLC ("Alder") (collectively referred to as the "Stipulating Parties" or sometimes individually as a "Stipulating Party").

WHEREAS, the above-captioned proceedings have been established by the Public Service Commission of South Carolina (the "Commission") pursuant to S.C. Code Ann. § 58-40-20;

WHEREAS, Alder and the Companies have differing positions regarding certain issues in this case related to commercial and industrial customers;

WHEREAS, the Stipulating Parties have engaged in discussions to determine whether a stipulation to the following issues would be in their best interests;

WHEREAS, following these discussions the Stipulating Parties have each determined that their interests and the public interest would be best served by stipulating the below issues in the above-captioned cases under the terms and conditions set forth below, which are all conditioned upon the Commission's approval of the same in its entirety.

A.1 The Stipulating Parties expressly reserve the right to engage in (i) cross-examination of any witnesses testifying on behalf of other Stipulating Parties and (ii) re-direct of their own witnesses.

B.1 The Stipulating Parties aver that the proposal set out immediately below complies with applicable South Carolina laws and regulations—including the requirements and the spirit of Act 62. Specifically, the Stipulating Parties agree that the proposal achieves the goals set forth in Act 62 for the next generation of NEM, in part, by “ensuring access to customer-generator options for customers who choose to enroll in customer-generator programs”<sup>1</sup> while also permitting the use of behind the meter customer-generation “without penalty.”<sup>2</sup> Therefore, such proposal is hereby adopted, accepted, and acknowledged as the stipulation of the Stipulating Parties.

<sup>2</sup> S.C. Code Ann. § 58-40-20(G)(2).

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B.3 The Companies agree to offer the Non-Residential Riders to non-residential customer-generators applying for interconnection after June 1, 2021. Those customers will be served under their existing tariff and a Non-Residential Rider, which will contain only the rate-making tools outlined herein.

B.5 Customers who sign up for a Non-Residential Rider will be eligible to remain on the rider for 10 years from the interconnection approval date, during which time the rate structure for such customer will remain unchanged.

B.7 On or after June 1, 2026, the Companies may propose changes to the rate structure (which may include an adjustment to the rate-making tools) within the Non-Residential Riders for new customers or place existing customers on the customer-generator rider in effect at the end of their 10-year grandfathering period. Unless ordered or instructed, the Companies shall not propose

to the Commission changes to the rate structure within the Non-Residential Riders prior to June 1, 2026.

B.8 Notwithstanding any restrictions related to the Non-Residential Rider, at the Companies' discretion, non-residential customer-generators with systems less than 30 kW may be transitioned to a mandatory TOU rate tariff and the Companies will work with interested stakeholders to develop a plan for this transition prior to filing such rates for approval with the Commission.

### **Renewable Energy Credits**

B.9 Under the Non-Residential Riders, non-residential customer generators shall earn one renewable energy credit (each, a "REC") for each MWh produced by the customer-generator's on-site generation. The customer must pay a REC billing and reporting fee (the "REC Fee") to DEP or DEC, as applicable, in an amount equal to \$1.50 per REC (1 MWh). If the customer installs a production meter and allows the Companies to collect data from this production meter, the REC Fee will be reduced to \$0.65 per REC (1 MWh). Each customer's REC Fee will not be adjusted for 10 years from such customer's interconnection approval date. At the time of submitting the interconnection application, the customer may elect to opt-out of the REC Fee and, in doing so, all RECs will inure to DEC or DEP, as applicable. The customer may make a one-time election to opt-in to the REC Fee (as defined above in section B.9), in writing, at any time during the 10-year period commencing on the interconnection approval date. The customer will be responsible for registering and retiring any RECs arising under this Rider, and the Companies make no representations or warranties regarding whether the RECs satisfy any requirement or standard, whether legal, regulatory, accounting, or otherwise.

B.10 The data from the non-residential customer's production meter shall be made available, upon request, to the customer on a monthly basis at no additional charge. The customer

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ACCEPTED FOR PUBLICATION - EMBL accession number PDB: SUPSCP B6c20#022080-E64Page 94 of 18

ACCEPTED FOR PUBLICATION - 2024-09-09 PM 8:30 PSC PROCEEDINGS #022020-2647e14 of 18

ACCEPTED FOR PUBLICATION - EMBL accession number PDB: SUPSCP B6c20#022080-E64Page 94 of 18

C.2 The Stipulating Parties agree to cooperate in good faith with one another to obtain all necessary approvals—including approval of this Stipulation and the Companies' residential tariffs by the Commission in this proceeding—in South Carolina and North Carolina to implement the proposal across the Companies' service territories. The Stipulating Parties, including their agents, further agree that communications regarding the Stipulation, either between the Stipulating Parties or with non-signatories hereto, shall be supportive of the terms agreed to in this Stipulation.

C.3 This Stipulation contains the complete agreement of the Stipulating Parties regarding the terms and conditions of proposed tariffs outlined herein and filed in the above-referenced dockets. This Stipulation integrates all discussions among the Stipulating Parties regarding the terms and conditions of the filed tariffs into the terms of this written document. The Stipulating Parties agree that this Stipulation will not constrain, inhibit or impair their arguments or positions held in future proceedings, nor will this Stipulation or any of the matters agreed to in it be used as evidence or precedent in any future proceeding.

C.4 This Stipulation shall be interpreted according to South Carolina law.

C.5 This Stipulation does not establish any precedent with respect to the issues resolved herein, and in no way precludes any Stipulating Party herein from advocating an alternative approach or position in any future proceedings that are not within the scope of, or otherwise contemplated by, this Stipulation.

C.6 This Stipulation shall bind and inure to the benefit of each of the signatories hereto and their representatives, predecessors, successors, assigns, agents, shareholders, officers, directors (in their individual and representative capacities), subsidiaries, affiliates, parent corporations, if any, joint ventures, heirs, executors, administrators, trustees, and attorneys.

C.7 The Stipulating Parties represent that the terms of this Stipulation are based upon full and accurate information known as of the date this Stipulation is executed. If, after execution,

but prior to a Commission decision on the merits of this proceeding, a Stipulating Party is made aware of information that conflicts, nullifies, or is otherwise materially different than that information upon which this Stipulation is based, that Stipulating Party may withdraw from the Stipulation with written notice to every other Stipulating Party.

C.8 The above terms and conditions represent the agreement of the Stipulating Parties in these dockets. Therefore, each Stipulating Party acknowledges its consent and agreement to this Stipulation by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and e-mail signatures shall be as effective as original signatures to bind any Stipulating Party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of this Stipulation.

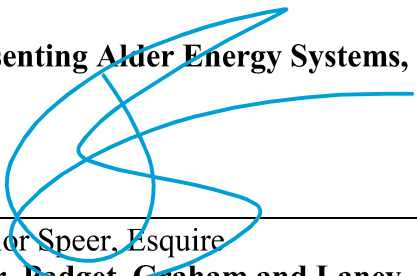
**[STIPULATING PARTY SIGNATURES TO FOLLOW ON SEPARATE PAGES]**



Heather Shirley Smith


Michael Callab

Page 8 of 9

**Representing Alder Energy Systems, LLC**

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R. Taylor Speer, Esquire  
**Turner, Padgett, Graham and Laney, P.A.**  
200 E. Broad Street, Suite 250  
Greenville, South Carolina 29601  
Phone: 864-552-4618  
Fax: 864-282-5993  
Email: [tspeer@turnerpadgett.com](mailto:tspeer@turnerpadgett.com)

**Alder Energy Systems, LLC**

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Donald Zimmerman  
**Alder Energy Systems, LLC**  
495 Jessen Lane  
Charleston, South Carolina 29492  
Phone: 843-388-5493